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Follow-up to the World Summit for Social Development and the twenty-fourth special session of the General Assembly: priority theme: review of the first United Nations Decade for the Eradication of Poverty (1997-2006)

Statement submitted by Congregations of St. Joseph, Dominican Leadership Conference, Sisters of Mercy of the Americas and UNANIMA International, non-governmental organizations in consultative status with the Economic and Social Council

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31 of 25 July 1996.

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Statement

Wealth creation, sustainable national economies, poverty eradication: what are the connections?

Looking back to the General Assembly resolution calling for the First United Nations Decade for the Eradication of Poverty (A/RES/51/178), we affirm that

> within the context of overall action for the eradication of poverty, special attention should be given to the multidimensional nature of poverty and to the national and international framework conditions and policies that are conducive to its eradication, which should aim at the social and economic integration of people living in poverty and the promotion and protection of all human rights and fundamental freedoms for all, including the right to development.

We recognize that, after ten years since this declaration, after five years with the millennium development goal to eradicate poverty operating with no change in the globalized systems for wealth creation, there is, if anything greater poverty and inequality. In the 2005 Human Development Report, statistics show that the richest 10% get 54% of the global income (an increase in 2 percentage points over two decades) while 40% receive only the 5%. Alternatively, using consumption as a measure, the wealthiest 20% of the population of the highest-income countries account for 86% of total private consumption expenditures, while the poorest 20% worldwide account for just 1.3%. Actually only 15% of the world population get most of the benefits of a global economy. This inequality applies between countries as well as within countries. [1]

Without significant systemic changes in the current economic system of wealth creation at all levels, poverty cannot be eradicated for the large percentage of the world's people who suffer trying to survive on less than $1 or $2 daily. To be effective, the changes initiated and implemented must ensure sustainable national economies in all nations be they developing or developed.

Some basic principles:

1. Eradication of poverty is imperative on all levels: economically, politically, ethically. The grinding poverty that characterizes the lives of more than half the world's population and more than 75% of the population of Sub-Saharan Africa and South Central Asia[2] threatens security, threatens the state of world health, as well as violating the human rights of those living on less than $2 per day.

2. Re-assessment of economic growth — Economic growth is not in and of itself a good. When economic growth brings with it such harms to people as indicated by a rise in the rates of inequality and increased vulnerability for the most vulnerable it cannot be considered good. When growth in

[1] *The Inequality Predicament Report on the World Social Situation 2005*, Department of Economic and Social Affairs, United Nations, A/60/117/Rev.1, ST/ESA/299.

[2] Based on data from the World Bank, *World Development Indicators 2005*.

productivity and consumption produces unsustainable depletion of the world's resources and harm to the ecosystem, it cannot be considered good.

> If the consumption practices of the several hundred million affluent people in the world today were duplicated by even half of the projected global population of almost 9 billion in 2050, the impact of land, water, energy and other natural resources would be devastating.[3]

3. Use of inclusive processes and decision-making practices for wealth creation. By this we mean not only inclusive of the public and private sector elite who are stakeholders, but, most importantly, inclusive of those who rights are daily violated because of current structures of wealth creation: those who need food, water, energy, housing. In this way, decisions about whether to privatize services which affect basic human rights, like water, education, health will be made with the voice and vote of those most affected by the results of those decisions.

4. Redefinition of risk mitigation as an incentive for action to mean offsetting risks for those who are poorest rather than offsetting risks for companies desiring to profit from entry into a particular market.

5. With regard to achieving the Millennium Development Goals, all countries should be held to similar standards. Hence, MDG 8 ought to be concretized in the same way as the other 7 goals and with the same ongoing measurement and pressure on wealthy countries to fulfill their commitments as there is on those who have not met the other 7 goals. Further in establishing these partnerships for development, it is critical that the parties come as equals to the table, so that conditionalities placed on these partnerships do not benefit only the richer and more powerful.

Recommendations:

1. Initiate steps to evaluate proposed strategies of wealth creation for economic growth with their effects on the human rights of those who are most vulnerable in society.

2. Immediate steps should be taken to develop specific time-bound targets and indicators for MDG Goal 8 which address imbalances in international structures. All stakeholders should be involved equally in their development.

3. In utilizing specific strategies for wealth creation, use as major criteria the values underpinning human development, especially the human rights framework.

4. Greater participation of poor people and countries should be facilitated within the structures of global economic governance.

> -The composition of the boards of the World Bank and IMF should be altered, voting power rebalanced and made truly democratic, formal voting put in place, and the leaders of the organizations selected through open and transparent merit-based processes; Specifically, we recommend the addition of at least two members for Africa and giving greater importance to Asia in decision-making.

[3] Ibid., p. 85.

- Transparency should be enhanced by making the transcripts, minutes and important documents of board meetings available to the public;

5. All aid should be untied, and directed towards areas identified as national priorities for poverty eradication by host governments.

6. Criteria should be developed and implemented to promote the sustainability of national economies in determining appropriate strategies for wealth creation in all nations. These criteria should be both qualitative and quantitative and may involve implementation of changes in consumption and production patterns particularly in the wealthier countries.

Note

Statement supported by International Presentation Association of the Sisters of the Presentation, a non-governmental organization in consultative status with the Economic and Social Council.